

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6148**

**BILL NUMBER:** SB 88

**NOTE PREPARED:** Mar 31, 2005

**BILL AMENDED:** Feb 10, 2005

**SUBJECT:** Judges' Retirement Benefits.

**FIRST AUTHOR:** Sen. Bray

**FIRST SPONSOR:** Rep. Ayres

**BILL STATUS:** 2<sup>nd</sup> Reading - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill allows a retired judge who receives a state salary for services currently performed, except for services performed as a regular judge or a magistrate, to also receive a judge's retirement benefit. (The introduced version of this bill was prepared by the Commission on Courts.)

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** (Revised) The Judges' Retirement System is funded on a pay-as-you-go basis, and the following table illustrates the increase in the recommended annual contributions (based on a projection of benefit payouts) for one judge over the next five years. (Note: The payouts will continue past the five years illustrated below.) The specific fiscal impact will depend upon the number of judges who would be affected by this proposal and the number who utilize these provisions.

<b>Plan Year</b>	<b>Increase in Recommended Annual Contributions</b>
2005-2006	\$52,198
2006-2007	\$51,891
2007-2008	\$51,551
2008-2009	\$950
2009-2010	\$928

*Background Information:* It is difficult to estimate the fiscal impact of this proposal since it is unknown how many judges this would affect. For this analysis, benefits were estimated for a retired judge who is 62 years of age with 23 years of service and is receiving state salary for services currently performed. It also has been assumed that this judge will cease receiving state salary at age 65. Under current statute, this retired judge is unable to begin receiving benefits from the Judges' Retirement System until age 65. This proposal would allow this retired judge to begin receiving benefits immediately.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Public Employees' Retirement Fund as administrators of the Judges' Retirement System.

**Local Agencies Affected:**

**Information Sources:** Doug Todd of McCready & Keane, Inc., actuaries for PERF and the Judges' Retirement System, 317-576-1508.

**Fiscal Analyst:** James Sperlik, 317-232-9866.

**DEFINITIONS**

**Pay-As-You-Go Method**— sometimes called current disbursement cost method, is a method of recognizing the costs of a retirement system only as benefits are paid.